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**I'ANCO**

**Annual Report**

**1969**





**A-1 STEEL AND IRON FOUNDRY (Vancouver) LTD.**  
**and its wholly-owned subsidiaries**  
(Incorporated in the Province of British Columbia)

**A-1 STEEL AND IRON FOUNDRY LTD.**  
**AND BIRD FOUNDRY (Non-Ferrous Division)**  
Incorporated under the Laws of the Province of British Columbia  
Vancouver, B.C.

## **FINANCIAL REPORT 1969**

### **CAPITAL**

Authorized—	100,000	Class "A"	Shares of No Par Value
	180,000	Class "B"	Shares of No Par Value
Issued and Fully Paid—	76,000	Class "A"	Shares
	162,000	Class "B"	Shares

### **OFFICERS**

Ernest Charles Warner, *Chairman of the Board*  
John Pollock Stark, *President and Chief Executive Officer*  
Charles H. Watters, *Vice-President and General Sales Manager*  
Ian Alastair Shaw, *Secretary*  
W. D. Miles Boyd, *Director and Sales Manager of I'Anco Products*  
John H. F. Turner, *Director, Retired Executive, Bank of Montreal and*  
*Hon. Treasurer, Federation of Commonwealth Chambers of Commerce*  
Lovick P. Young, *Director and Foundry Manager*

### **BANKERS**

Bank of Montreal  
Vancouver, B.C.

### **AUDITORS**

Green, Horwood, Munro & Co.  
Victoria, B.C., *Chartered Accountants*

### **TRANSFER AGENT AND REGISTRAR**

The Royal Trust Company  
Vancouver, B.C.



## TO THE SHAREHOLDERS

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In the year ending February 28, 1969, we experienced a record year of production and worked almost to capacity during the entire year. For a few weeks in June and July we felt the adverse effect of a tightening economy and production was down; but a faster pace followed, and I am pleased to report record sales and record profits for the year. Net sales for the year showed a new high of \$2,913,957 up 10.8% from previous \$2,629,523. Any comparison with last year must take into account the strike action which adversely affected profits.

It should be explained that because of the high cost of money it was decided to improve our cash flow by reducing inventory where possible and at the same time a decision was made to pay no dividends on "B" stock last December for the same reason. This does not mean that an inflexible position has been taken as regards dividends on "B" stock; the situation will be reviewed periodically.

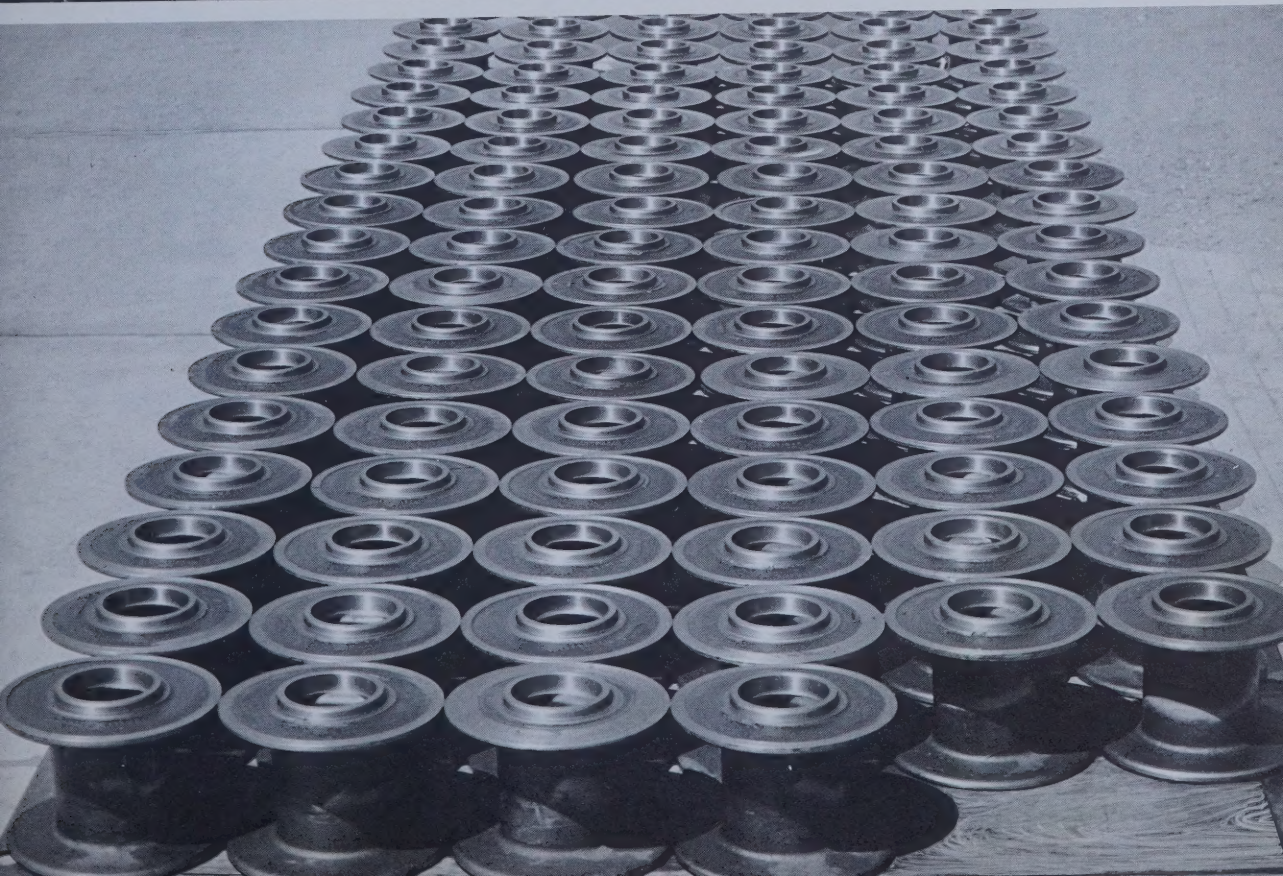
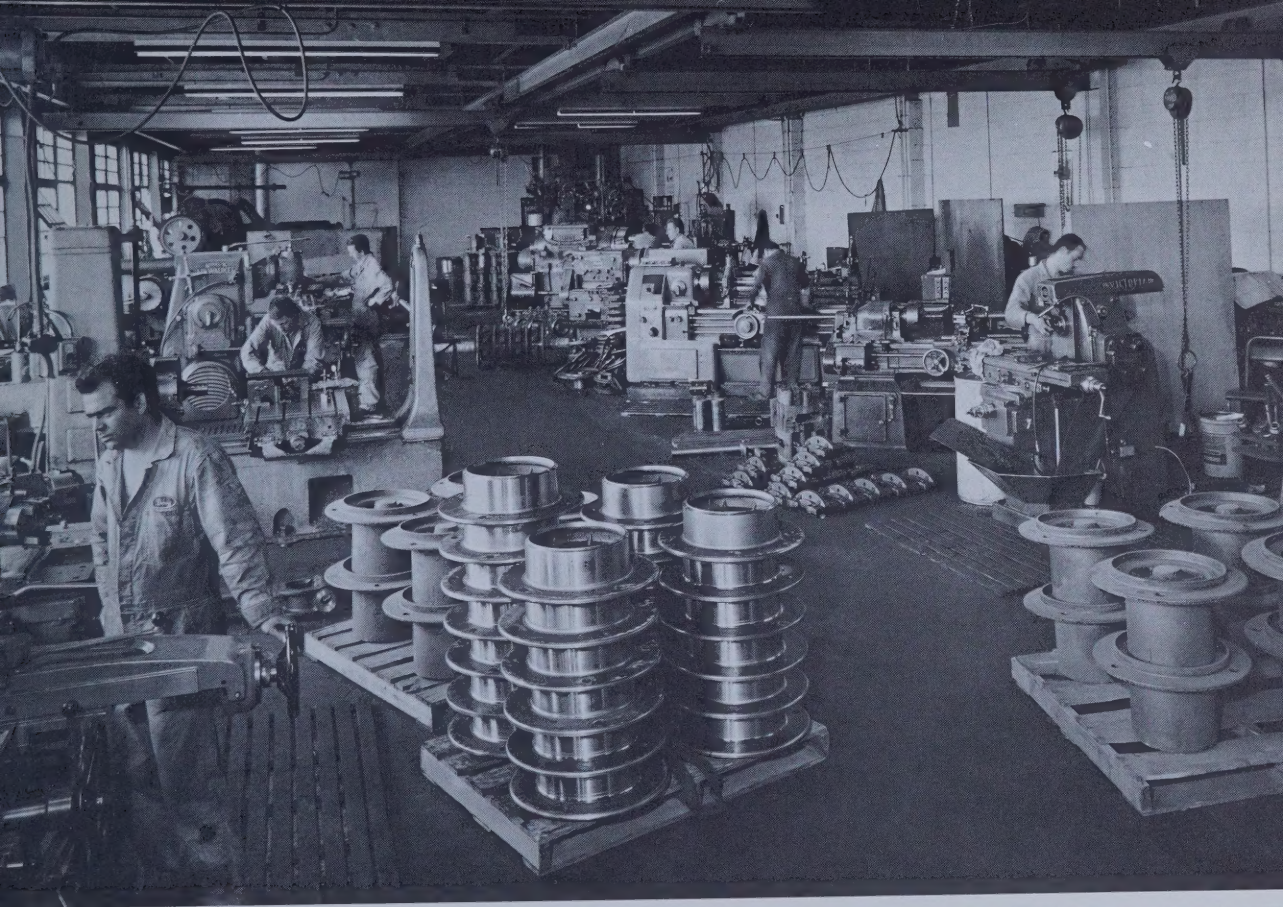
This company has diversified greatly in the past few years, and with that diversification has come new promise of growth which your directors will plan for.

Last year I reported the possible acquisition of another company, but again, because of the rapidly changing money market, it was necessary to re-assess our plans and delay action until such time as the economy shows signs that we are getting back to normal.

To all our employees and officers of the company go my sincere thanks for the great efforts they have made towards the success of this company. A great deal of our progress can be traced to service to our customers and quality of our product; and all our staff have contributed their utmost in working towards the highest possible standards.

JOHN P. STARK,  
*President and Chief Executive Officer.*







**A-1 STEEL AND IRON F****and its wholly-c**  
(Incorporated in the Pro**CONSOLIDATED BALANCE SHE**

(with comparable balance

**ASSETS****CURRENT:**

	<b>1969</b>	<b>1968</b>
Cash .....	\$ 100	\$ 100
Accounts Receivable, less allowance of \$11,000 for doubtful accounts (\$11,000 in 1968) .....	600,302	406,739
Income taxes recoverable .....	—	893
Inventories — at lower of cost or market .....	551,414	499,495
Prepaid expenses and deposits .....	12,116	7,219
	<u>\$1,163,932</u>	<u>\$ 914,446</u>
SPECIAL REFUNDABLE TAX .....	\$ 4,380	\$ 5,566

**FIXED, at cost:**

Plant buildings, equipment and other depreciable assets .....	\$1,295,752	\$1,242,419
Accumulated depreciation .....	463,721	353,440
	<u>\$ 832,031</u>	<u>\$ 888,979</u>
Land .....	83,853	83,853
	<u>\$ 915,884</u>	<u>\$ 972,832</u>
INCORPORATION AND PRELIMINARY EXPENSES, at cost	\$ 13,900	\$ 13,900

\$2,098,096\$1,906,744

APPROVED ON BEHALF OF THE BOARD:

J. P. STARK, *Director*.C. H. WATTERS, *Director*.

# NDRY (Vancouver) LTD.

d subsidiaries  
of British Columbia)

## AS AT FEBRUARY 28, 1969

(at February 29, 1968)

### LIABILITIES

#### CURRENT:

	1969	1968
Bank loans and other indebtedness .....	\$ 259,225	\$ 166,404
Accounts payable and accrued liabilities .....	282,148	280,086
Dividend payable .....	—	11,400
Current portion of long term indebtedness .....	60,000	60,000
Income taxes payable .....	111,867	—
	<u>\$ 713,240</u>	<u>\$ 517,890</u>

LONG TERM INDEBTEDNESS .....

\$ 286,500      \$ 346,500

PROVISION FOR FUTURE INCOME TAXES .....

\$ 137,351      —

TOTAL LIABILITIES .....

\$1,137,091      \$ 864,390

### SHAREHOLDERS' EQUITY

#### SHARE CAPITAL:

##### Authorized—

100,000 Class "A" shares of no par value (redeemable  
at option of the company for \$12 per share)

180,000 Class "B" shares of no par value

##### Issued—

76,000 Class "A" shares .....

\$ 692,000      \$ 692,000

162,000 Class "B" shares .....

119,500      119,500

\$ 811,500      \$ 811,500

RETAINED EARNINGS .....

149,505      230,854

\$ 961,005      \$1,042,354

\$2,098,096      \$1,906,744

### AUDITORS' REPORT

The Shareholders,

A-1 Steel and Iron Foundry (Vancouver) Ltd.

We have examined the Consolidated Balance Sheet of A-1 Steel and Iron Foundry (Vancouver) Ltd. as at February 28, 1969 and the Consolidated Statements of Earnings and Retained Earnings and Source and Use of Funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information, the explanations given to us, and as shown by the books of the companies, the accompanying financial statements are properly drawn up so as to present fairly the state of affairs of the companies as at February 28, 1969 and results of their operations and the source and application of funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change (which we approve) in the method of accounting for Income Taxes as explained in Note 1.

GREEN, HORWOOD, MUNRO & CO.,  
Chartered Accountants.



**A-1 STEEL AND IRON FOUNDRY (Vancouver) LTD.**  
**and its wholly-owned subsidiaries**  
(Incorporated in the Province of British Columbia)

**CONSOLIDATED STATEMENT OF EARNINGS  
AND RETAINED EARNINGS  
FOR THE YEAR ENDED FEBRUARY 28, 1969**  
*(with a comparable statement for the preceding year)*

	1969	1968
Sales .....	\$2,913,957	\$2,629,523
Cost of sales .....	2,236,177	2,154,911
Gross Profit .....	\$ 677,780	\$ 474,612
Selling and administrative expenses .....	409,390	374,772
	\$ 268,390	\$ 99,840
Income taxes .....	126,428	41,000
Net earnings for the year .....	\$ 141,962	\$ 58,840
Retained earnings — beginning of year .....	230,854	265,764
	<u>\$ 372,816</u>	<u>\$ 324,604</u>
<i>Deduct —</i>		
Adjustment of prior year's earnings .....	\$ 7,865	—
Provision for income taxes applicable to future years .....	\$ 156,946	—
Dividends declared:		
Class "A" .....	34,200	45,600
Class "B" .....	24,300	48,150
	\$ 58,500	\$ 93,750
	\$ 223,311	\$ 93,750
Retained earnings — end of year .....	<u>\$ 149,505</u>	<u>\$ 230,854</u>
 Included in costs and selling and administration expenses are the following charges (credits)		
Depreciation .....	\$ 110,281	\$ 104,870
Interest on borrowed funds .....	58,035	36,865
Profit on disposal of fixed assets (net) .....	—	(1,178)
	<u>\$ 168,316</u>	<u>140,557</u>





**A-1 STEEL AND IRON FOUNDRY (Vancouver) LTD.**  
and its wholly-owned subsidiaries

(Incorporated in the Province of British Columbia)

**CONSOLIDATED STATEMENT OF SOURCE AND  
USE OF FUNDS**

**FOR THE YEAR ENDED FEBRUARY 28, 1969**

(with a comparable statement for the preceding year)

	1969	1968
Sources of working capital:		
Net earnings before income taxes .....	\$ 268,390	\$ 99,840
Add—		
Expenses not involving an outlay of cash: depreciation .....	110,281	104,870
Deduct—		
Adjustment to prior years income .....	7,865	—
Reduction in provision for future income taxes .....	19,595	—
	<u>\$ 351,211</u>	<u>\$ 204,710</u>
Proceeds from issue of shares in respect of stock options .....	—	12,750
Current portion of special refundable tax .....	1,186	2,162
	<u>\$ 352,397</u>	<u>\$ 219,622</u>
Applications of working capital:		
Income taxes .....	126,428	41,000
Payment of, and current provision for, long term indebtedness .....	60,000	60,000
Purchase of fixed assets .....	53,333	53,511
Dividends declared .....	58,500	93,750
Special refundable tax .....	—	792
	<u>\$ 298,261</u>	<u>\$ 249,053</u>
Increase (decrease) in working capital .....	\$ 54,136	(\$ 29,431)
Working capital — beginning of year .....	396,556	425,987
Working capital — end of year .....	<u>\$ 450,692</u>	<u>\$ 396,556</u>

